

# EC 409W Syllabus

## Labor Economics

Spring 2020

**Instructor:** Tim Murray

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**Office Hours:** Monday and Thursday 10:00-12:00 or by appointment

### Reading Material

- Ehrenberg and Smith, *Modern Labor Economics*, 13<sup>th</sup> Edition, Routledge Press
- Articles and current research on relevant topics
- 15 Week Student Subscription to the *Wall Street Journal*  
[https://store.wsj.com/shop/US/US/wsstudentflashbts19/?intrackingCode=aaqsnbj7&icid=WSJ\\_ON\\_NA\\_ACQ\\_NA](https://store.wsj.com/shop/US/US/wsstudentflashbts19/?intrackingCode=aaqsnbj7&icid=WSJ_ON_NA_ACQ_NA)

### Prerequisites

EC 300 – Intermediate Microeconomics

### Course Description

In this course you will learn how labor markets work and the impacts various government policies have on jobs, wages, hours worked, unions, and wage differences between gender and race. In this course you will apply the material you learned in Intermediate Economics to specific applications in the labor market and will use the Wall Street Journal to connect the theory to real world applications. We will use current events, sports, and pop-culture to relate topics to the real world as well as discuss relevant government and policy issues related to topics covers in class.

### Grading and Assignments

Homework / Reading Assignments	20%
Executive Summary Assignments	30%
Midterm Exam	20%
Paper	30%

### Grading Scale

<b>A</b>	90-100	<b>B</b>	80-89	<b>C</b>	70-79	<b>D</b>	60-69	<b>F</b>	0-59
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### Homework

Homework assignments will periodically assigned throughout the course, you will have one week to complete them. Assignments are due at the beginning of class, late assignments will not be accepted. The lowest homework grade will be dropped.

Some assignments will be a writing response to a reading in the *Wall Street Journal* or other source and others will be working on problems from in class material.

### Writing Assignments

One of the goals of this class is to connect economics theory to real world applications. To do so, students are required to read the *Wall Street Journal*. Every two weeks, students will be required to submit a 1-2 page executive summary on an article of their choice regarding something they read in the *Wall Street Journal*. Students will summarize the article and try to relate them to the class. More details on these writing assignments will be discussed in class.

### Exams

There will be one midterm exam. Midterm exam date will be announced in class and on Canvas.

Students requesting a make-up exam must inform me prior to the exam. No student may take a scheduled midterm at an alternative time for any other reason.

### Paper

Students are required pick a labor market policy or issue which you will investigate throughout the semester. Details on the paper can be found at the end of the syllabus.

### Course Topics

The following is a *tentative* list of concepts and topics that will be discussed throughout the course along with the corresponding chapter in the book. Occasionally there will be additional readings from the *Wall Street Journal* and other relevant sources that may be assigned and discussed that will add real world value to the topics discussed in the textbook. Any changes be announced on Canvas.

#### **1. Introduction to Labor Economics and Markets**

Ehrenberg and Smith, Chapter 2

#### **2. Labor Demand**

Ehrenberg and Smith, Chapter 3

#### **3. Labor Elasticity**

Ehrenberg and Smith, Chapter 4

#### **4. Labor Supply and the Decision to Work**

Ehrenberg and Smith, Chapter 6

#### **5. Labor Supply and Household Production**

Ehrenberg and Smith, Chapter 7

- **Household Production**

Becker, Gary. 1965. "[A Theory of the Allocation of Time.](#)" *Economic Journal*, 75: 493-517.

Aguiar, Mark and Erik Hurst. 2005. "[Consumption versus Expenditure.](#)" *Journal of Political Economy*. 113(5): 919-948

- **Joint Labor Supply Decisions**

Brown, Claire. 1985. "[An Institutional Model of Wives' Work Decisions.](#)" *Industrial Relations*, 24: 182-204.

*Midterm Exam – Date TBD*

## 6. Education and Labor Market Returns

Ehrenberg and Smith, Chapter 9

Angrist, Joshua D., and Alan B. Krueger. 1991. "[Does Compulsory School Attendance affect Schooling and Earnings?](#)" *The Quarterly Journal of Economics*, 151(4): 979-1014.

Autor, David, Claudia Goldin, and Lawrence F. Katz. 2020. "[Extending the Race between Education and Technology.](#)" *NBER Working Paper 26705*

Couch, Kenneth. 1992. "[New Evidence on the Long-Term Effects of Employment Training Programs.](#)" *Journal of Labor Economics*, 10(4): 380-388.

Weiss, Andrew. "[Human Capital vs. Signalling Explanations of Wages.](#)" *Journal of Economic Perspectives*, 9(4): 133-154.

## 7. Immigration and Labor Mobility

Ehrenberg and Smith, Chapter 10

Borjas, George. 1995. "[The Economic Benefits from Immigration.](#)" *Journal of Economic Perspectives*, 9(2): 3-22.

Card, David. 1990. "[The Impact of the Mariel Boatlift on the Miami Labor Market.](#)" *Industrial and Labor Relations Review*, 43(2): 245-257.

Card, David. 2005. "[Is the New Immigrant Really so Bad?](#)" *The Economic Journal*, 115(507), F300-F323.

Fogel, Mette and Giovanni Peri. 2016. "[Immigrants' Effect on Native Workers: New Analysis on Longitudinal Data.](#)" *American Economic Journal: Applied Econometrics*, 8(2): 1-34.

Ottviano, Gianmarco I.P., and Giovanni Peri. 2008. "[Immigration and National Wages: Clarifying the Theory and the Empirics.](#)" *NBER Working Paper 14188.*

## 8. Labor Market Discrimination

Ehrenberg and Smith, Chapter 12

- **Race**

Bertrand, Marianne, and Sendhil Mullainathan. 2004. "[Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination.](#)" *American Economic Review*, 94 (4): 991-1013.

Couch, Kenneth, A., and Mary C. Daly. 2002. "[Black-White Wage Inequality in the 1990s: A Decade of Progress.](#)" *Economic Inquiry*, 40 (1): 31-41.

Daly, Mary C., Bart Hobijn, and Joseph H. Pedtke. 2017. "[Disappointing Facts about the Black-White Wage Gap.](#)" *FRBSF Economic Letter 2017-26*.

Wilson, Valerie, and William M. Rodgers III. 2016. "[Black-white wage gaps expand with rising wage inequality.](#)" *Economic Policy Institute*.

- **Gender**

Bertrand, Marianne, Claudia Goldin, and Lawrence F. Katz. 2010. "[Dynamics of the Gender Gap for Young Professionals in the Financial and Corporate Sectors.](#)" *American Economic Journal: Applied Economics*, 2 (3): 228-55.

Blau, Francine D., and Lawrence M. Kahn. 2017. "[The Gender Wage Gap: Extent, Trends, and Explanations.](#)" *Journal of Economic Literature*, 55 (3): 789-865.

Bronson, Mary Ann, and Peter Skogman Thoursie. 2019. "[The Wage Growth and Within-Firm Mobility of Men and Women: New Evidence and Theory.](#)" *Working Paper*.

Kleven, Henrik, Camille Landis, and Jakob Egholt Sogaard. 2018. "[Children and Gender Inequality: Evidence from Denmark.](#)" *American Economic Journal: Applied Economics*. 11: 118-209.

## 9. Income Distribution and Income Inequality

Ehrenberg and Smith, Chapter 15

- **Minimum Wage and the Earned Income Tax Credit (EITC)**

Burkhauser, Richard V., Kenneth A. Couch, and Andrew Glenn. 1996. "[Public Policies for the Working Poor: The Earned Income Tax Credit versus Minimum Wage Legislation.](#)" *Research in Labor Economics*, 15: 65-109

Card, David, and Alan B. Krueger. 1994. "[Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania.](#)" *American Economic Review*. 80(4): 772-793.

Jardim, Ekaterina, Mark C. Long, Robert Plotnick, Emma va Inwegen, Jacob Vigdor, and Hilary Wething. 2018. "[Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle.](#)" *NBER Working Paper 23532*.

Rothstein, Jesse, and Ben Zipperer. 2020. "[The EITC and minimum wage work](#)

[together to reduce poverty and raise income.](#)” *Economic Policy Institute.*

- **Wealth Tax**

Boadway, Robin, and Pierre Pestieau. 2018. “[The Tenuous Case for an Annual Wealth Tax.](#)” *IEB Working Paper 2018/01.*

Saez, Emmanuel, and Gabriel Zucman. 2019. “[Progressive Wealth Taxation.](#)” *Brookings Papers on Economic Activity.*

Kopczuk, Wojciech. 2019. “[Comment on ‘Progressive Wealth Taxation’ by Saez and Zucman prepared for the Fall 2019 issue of Brookings Papers on Economic Activity.](#)”

Saez, Emmanuel, and Gabriel Zucman. 2019. “[How would a progressive wealth tax work? Evidence from the economics literature.](#)” *Unpublished Paper.*

- **Universal Basic Income**

Ghatak, Maitreesh, and François Maniquet. 2019. “[Universal Basic Income: Some Theoretical Aspects.](#)” *Annual Review of Economics*, 11: 895-928.

Hoynes, Hilary W., and Jesse Rothstein. 2019. “[Universal Basic Income in the US and Advanced Countries.](#)” *NBER Working Paper 25538.*

## 10. Other Topics as Time Permits

### **Attendance Policy:**

The department subscribes to VMI’s “30% rule.” No categories of absences (academic, athletic, guard, 3.2 cuts, etc.) are exempt from that percentage. Cadets will be notified upon reaching 20% absences. Upon reaching 30% absences, the cadet is referred to the Dean for appropriate action.

### **Classroom Expectations**

Teaching will mostly be conducted via lecture and use of the white board. Occasionally the lecture will be supplemented with handouts, videos, and PowerPoints which will be made available on Canvas.

I encourage you to engage in class, be curious, and ask questions. The economic concepts taught in this class can apply to a wide range of interests and policy issues. Finding ways to integrate your interests into these topics will make the material more interesting and easier to understand.

During the first week of class you will be required to complete a Survey (a link will be provided on Canvas) where you will answer a series of questions about your interests, goals, and background. I will use this information to help make the class as relevant to you as possible.

While the class will be a learning environment that at times involves dialogue and group work, I expect you to remain professional, polite, and civil at all times. This includes but is not limited to:

- Listening when someone else is talking and no talking over someone else.
- At times we will converse with each other when discussing policy or current events. It is okay to disagree as long as these conversations are done with respect. Lack of

- respect and civility can result in being asked to leave the classroom.
- During lecture, do not engage in side-bar conversations that will be a distraction

### **Work for Grade Policy and Standards of Conduct**

It is your responsibility to carefully read and understand these policies both from VMI, the Department, and the course. Copies of these policies are available on Canvas:

<https://vmi.instructure.com/courses/12425/pages/institute-and-department-policies>

### **Students with Disabilities**

VMI abides by Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 which mandate reasonable accommodations are provided for all Cadets with documented disabilities. If you have a registered disability and may require some type of instructional and/or examination accommodations, please contact me early in the semester so that I can provide or facilitate provision of accommodations you may need. If you have not already done so, you will need to register with the Office of Disabilities Services, the designated office on Post to provide services for Cadets with disabilities. The office is located on the 2nd floor of the VMI Health Center. Please call or stop by the office of LTC Sarah Jones, Director of Disabilities Services, for more information, 464-7667 or email at: [jonessl10@vmi.edu](mailto:jonessl10@vmi.edu).

### **Executive Summary Writing Assignments**

The concepts we discuss in this class are relevant to many policy issues that are discussed weekly in the news and can commonly be found in articles in the *Wall Street Journal*.

You will be required to submit five 1-2 page executive summaries on an article of your choice that you read in the Wall Street Journal.

#### Guidelines

Must be included in these assignments:

- A summary of the article highlighting the main point and key statistics
- Why this article is important and relevant to labor economics and/or policy
- Try to relate this article to material that is discussed in class
  - This will be difficult for the earlier assignments but as we progress through the material, this should be easier to accomplish

#### Due Dates

- February 21<sup>st</sup>
- March 13<sup>th</sup>
- March 27<sup>th</sup>
- April 10<sup>th</sup>
- April 24<sup>th</sup>

#### Feedback

Each assignment will be due on a Friday. I will provide you with feedback on the executive summary within 2 days (Sunday night) as to the structure and the content of your discussion or argument. **You will then have one week to revise and resubmit the assignment.** Your grade for the assignment will be based on your resubmitted work and addressing any comments or concerns.

#### Late Submissions

##### *Initial Submission*

I will only accept a late initial submission for 24 hours after the deadline with a 20 point reduction in the grade for that assignment. Anything after 24 hours will result in a grade of zero. This is to

ensure that I have enough time to read and give proper thoughts and feedback on your work.

### *Resubmission*

A late resubmission addressing the comments will result in a 20 point reduction each day the assignment is late. (e.g., one day results in a 20 point deduction, 2 days results in a 40 point deduction, etc.)

### References

You are to properly cite and reference your work using APA format.

[https://owl.purdue.edu/owl/research\\_and\\_citation/apa\\_style/apa\\_formatting\\_and\\_style\\_guide/general\\_format.html](https://owl.purdue.edu/owl/research_and_citation/apa_style/apa_formatting_and_style_guide/general_format.html)

### **Final Paper**

You will be required to write an 8-12 page paper on a topic or policy in labor economics of your choice.

Policies and topics of these can include (but are not limited to):

- Minimum Wage
- Labor Productivity and Technology
- The Earned Income Tax Credit (EITC)
- Immigration Policy and Labor Markets
- Black-White Wage Gap
- Male-Female Wage Gap
- Unions and Collective Bargaining
- Education and Wages
- Income Inequality

You may also pick a topic that is not on this list. You should pick a topic that interests you and that you would enjoy learning more about throughout the semester.

You will work on this assignment throughout this semester and thoroughly dive into the specific policy or issue. Using articles from the *Wall Street Journal* and scholarly work (I would recommend using Google Scholar to find these) you will include the following sections in the paper:

- Introduction (1.5-2 pages)
  - Brief discussion of the issue and potential solutions
  - Why this is an important issue and worth studying
- Summary of the policy and the issue (3-4 pages)
  - Provide a review of relevant literature
  - Provide key statistics and graphs summarizing the issue
- Analysis of potential solutions (3-4 pages)
  - Using scholarly work, discuss and analyze potential solutions to the problem or discuss changes and refinements to the existing law/policy
- Conclusion (1.5-2 pages)
  - Provide a summary of the policy, the potential solutions, and why this is a topic of importance

### Format

- 12-Point Times New Roman Font
- Double Spaced
- References and sources in APA format

### Submission Deadlines

- Topic selection: January 31
- Summary of the policy and issue: March 20

- Analysis of potential solutions: April 17
- Final Paper: May 10

### Feedback

You will submit the Summary and Analysis and will receive feedback on the content and structure of your writing within one week. The goal of this is to help you provide you with the tools to make the most comprehensive discussion on the topic and ensure appropriate structure.

This assignment will give you a short introduction to academic writing and the feedback will help you condense your arguments to make sure you are getting the most out of your words.

### Grading

You will receive one final grade for this paper. A late submission for feedback will result in a 10 point deduction of the final paper grade. The submissions for feedback are to provide you with opportunities to improve and enhance the final paper. The final grade will be based on making sure that all the requirements have been met as listed above and incorporating the feedback into the final paper.

You will have opportunities to meet one-on-one with me during the semester to discuss the feedback and writing and work on introductions and conclusions.